

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

----- In the Matter of ----- )  
KAUAI ISLAND UTILITY COOPERATIVE )  
Regarding Integrated Resource )  
Planning. )  
\_\_\_\_\_ )

DOCKET NO. 2006-0165

ORDER DENYING REQUEST TO  
SUSPEND PROCEEDING AND CLOSING DOCKET

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DIV. OF CONSUMER ADVOCACY,  
DEPT. OF COMMERCE AND  
CONSUMER AFFAIRS  
STATE OF HAWAII

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COMMISSION

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FILED

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KAUAI ISLAND UTILITY COOPERATIVE ) Docket No. 2006-0165  
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ORDER DENYING REQUEST TO  
SUSPEND PROCEEDING AND CLOSING DOCKET

By this Order, the commission denies KAUAI ISLAND UTILITY COOPERATIVE's ("KIUC") request to suspend review of its 3<sup>rd</sup> Integrated Resource Plan ("IRP") and closes this docket.

I.

Background

On June 20 2006, the commission initiated this proceeding<sup>1</sup> to examine KIUC's IRP efforts in its next IRP cycle (i.e., IRP-3) in accordance with Section III.C.1 of the IRP Framework, as modified.<sup>2</sup> The sole parties to this proceeding

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<sup>1</sup>See Order No. 22542, filed on June 20, 2006 ("Order No. 22542").

<sup>2</sup>The IRP Framework was established in Decision and Order No. 11523, filed on March 12, 1992, as amended by Decision and Order No. 11630, filed on May 22, 1992, in Docket No. 6617. The framework was further modified by Decision and Order No. 22490, filed on May 26, 2006, in Docket No. 05-0075.

are KIUC and the DIVISION OF CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS ("Consumer Advocate").<sup>3</sup>

Pursuant to Order No. 22542, KIUC consulted with the Consumer Advocate and filed its schedule for IRP-3 with the commission that established June 20, 2007, as the filing date of KIUC's IRP-3 with the commission. However, since initially establishing this filing deadline, KIUC requested and was granted two extensions to file its IRP-3; first from June 20, 2007, to December 20, 2007,<sup>4</sup> and then from December 20, 2007, to December 20, 2008.<sup>5</sup>

On December 18, 2008, KIUC submitted its IRP-3 for the commission's review and approval.<sup>6</sup>

## II.

### Suspension Request

By letter dated February 10, 2009, KIUC requests commission approval to suspend commission review of its IRP-3 to provide it additional time and opportunity to fully analyze and consider whether to adopt all or parts of the Clean Energy

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<sup>3</sup>The Consumer Advocate is an ex-officio party to all proceedings before the commission. See Hawaii Revised Statutes § 269-51; Hawaii Administrative Rules § 6-61-62.

<sup>4</sup>See commission letter dated July 9, 2007.

<sup>5</sup>See Order No. 23944, filed on December 28, 2007.

<sup>6</sup>While KIUC filed its IRP-3 with the commission on December 18, 2008, there is no evidence that it publicized the filing of the document to the general public as required under Section III.E.3.c of the IRP Framework.

Scenario Planning ("CESP") process,<sup>7</sup> and if so, whether it should replace or modify its current IRP process ("Suspension Request") with a CESP process. Since the submission of its IRP-3, KIUC contends that it has had discussions with DBEDT, the Consumer Advocate, and the U.S. Department of Energy "to begin to explore and determine the possibility of KIUC entering into its own energy agreement for the island of Kauai."<sup>8</sup> According to KIUC, an item under discussion is whether KIUC is agreeable or interested in replacing its IRP process with a new CESP process similar to what was agreed to by the HECO Companies in the Energy Agreement. KIUC contends that while it is "willing to consider the CESP process and how/whether it should apply to KIUC and its cooperative structure, it is not willing to make any commitments at this time[.]"<sup>9</sup>

At the conclusion of KIUC's discussions with DBEDT and the Consumer Advocate, it anticipates requesting: (1) continuation of the commission's review of IRP-3 without any modifications; (2) an opportunity to modify and submit an "amended and/or restated" IRP to adopt and incorporate certain aspects of the new CESP process; or (3) replacement of the

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<sup>7</sup>The CESP process is described in the October 20, 2008 comprehensive agreement between the Governor of the State of Hawaii ("State"); the State Department of Business Economic Development and Tourism ("DBEDT"); the Consumer Advocate; Hawaiian Electric Company, Inc. ("HECO"); Hawaii Electric Light Company, Inc. ("HELCO"), and Maui Electric Company, Ltd. ("MECO") (HECO, HELCO, and MECO are collectively referred to hereafter as the "HECO Companies") ("Energy Agreement") designed to move the State away from its dependence from imported fossil fuels.

<sup>8</sup>See Suspension Request at 2.

<sup>9</sup>Id.

current IRP process with the new CESP process and close this proceeding. KIUC hopes to reach a decision on this matter within three to six months and is willing to provide the commission with monthly or bimonthly status reports regarding its progress. KIUC represents that during this suspension period, if granted, KIUC will continue to utilize IRP-3 as a planning tool for its future capital improvement projects and purchase power arrangements. Thus, it requests that this docket be kept opened during the suspension period and pending the outcome of its negotiations with DBEDT and the Consumer Advocate.

### III.

#### Discussion

Following the signing of the Energy Agreement, HECO requested that the commission close its IRP-4 docket, and MECO and HELCO requested that the commission suspend the filing of their IRP-4 plan. After considering the requests, the commission closed all three dockets "to allow for resources to be diverted to development of a CESP framework."<sup>10</sup> As set forth in the HECO Order:

The IRP Framework was the result of a collaborative process and has been the model for utility planning in Hawaii for over a decade. In contrast, it is the commission's understanding that the CESP framework is a novel concept that

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<sup>10</sup>See In re Hawaii Electric Light Company, Inc., Docket No. 04-0046, Order Closing Docket, filed on November 26, 2008; In re Hawaiian Electric Company, Inc., Docket No. 2007-0084, Order Closing Docket, filed on November 26, 2008 ("HECO Order"); and In re Maui Electric Company, Limited, Docket No. 04-0077, Order Closing Docket, filed on December 8, 2008.

has not yet been adopted by any other jurisdiction. Accordingly, the commission's preference is that the parties revise the IRP Framework to develop their proposed CESP framework. In drafting the proposed CESP framework, HECO and the Consumer Advocate shall include [Life of the Land], and other interested parties, including Kauai Island Utility Cooperative, which may be bound by this new framework, in discussions regarding the new framework.<sup>11</sup>

Notably, the commission acknowledged in the HECO Order that KIUC may be bound by the CESP framework and thus should be involved in discussions with the HECO Companies and the Consumer Advocate regarding that framework.

While the commission understands KIUC's position that it would like additional time to decide whether it would like to adopt all or part of the CESP framework, that choice is not entirely KIUC's. The IRP Framework, which was approved by the commission, applies to all electric utilities in the State of Hawaii. At this point, there does not appear to be any basis for having separate frameworks which would apply to different utilities. This does not mean that KIUC could not propose provisions in the CESP framework that would apply to a cooperative, such as KIUC, as it did in the competitive bidding docket. However, as directed by the commission in the HECO Order, KIUC should be involved in the process of developing the CESP framework.

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<sup>11</sup>See HECO Order at 5-6.

Given the above, the commission finds it appropriate at this time to close this proceeding to allow KIUC's resources to be diverted to the development of a CESP Framework. Waiting three to six months, at this juncture, as proposed by KIUC, under the circumstances, would not be reasonable. Accordingly, KIUC is directed to suspend all activities pursuant to the IRP Framework. KIUC is no longer required to meet with its Advisory Group or file any matters related to IRP-3. Consistent with the closure of HECO's IRP-4 docket, the commission will treat KIUC's IRP-3 as having the status of a plan filed with, but not approved by, the commission.

Based on the foregoing, the commission concludes that KIUC's Suspension Request should be denied and that this docket should be closed.

#### IV.

##### Orders

##### THE COMMISSION ORDERS:


1. KIUC's Suspension Request, filed on February 10, 2009, is denied.
2. This docket is closed.


DONE at Honolulu, Hawaii

FEB 18 2009

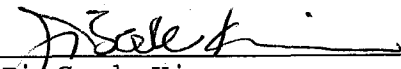
PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

By:   
Carlito P. Caliboso, Chairman

By:   
John E. Cole, Commissioner

By:   
Leslie H. Kondo, Commissioner

APPROVED AS TO FORM:

  
Ji Sook Kim  
Commission Counsel

2006-0165.laa



CERTIFICATE OF SERVICE

The foregoing order was served on the date of filing by mail, postage prepaid, and properly addressed to the following parties:

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